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Lawn&Garden Marketing™

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Cover story: Getting back to the basics

NHS review • Ignition systems

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Lawn&Garden Marketing™

The merchandising magazine for lawn, garden and leisure living products.

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Worth a Look, 12

New products, 30

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Did you know?

Statistically, you have the potential to serve more households. The number of U.S. households increased by 12 percent in 1980-1987—even though total population increased only 7 percent. The increase is credited to a decline in the average number of people per household.

Source: Bureau of the Census

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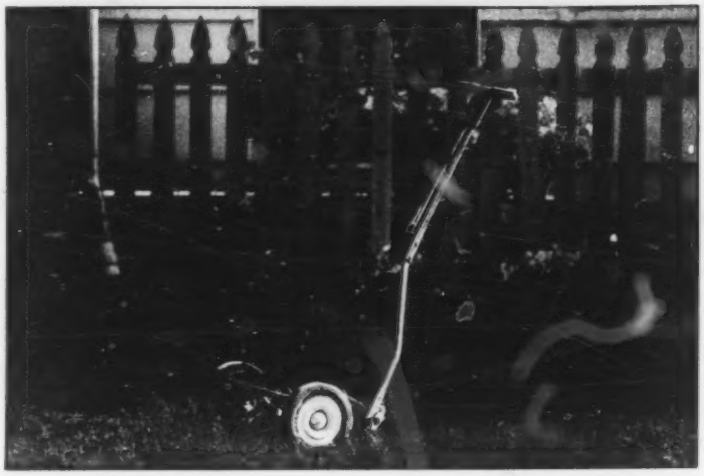
From the Editor



I don't believe in the fortunes tucked inside fortune cookies—though I do admit that I am sincerely disappointed when I don't receive a good one. I don't read my horoscope, consult astrologers or listen to weathermen to help prepare me for the day. Yet, I am totally hooked on economic forecasts.

Soothsayers for the industry try to predict how the state of the economy will affect lawn and garden purchases. Economists, real estate consultants, even psychologists, now are trying to predict what 1989 will hold for retailers and consumers alike. Factored into their predictions are the 1988 drought, the residuals of the October 1987 stockmarket crash, the presidential election year and how each event affects consumer confidence levels.

With one of the most unusual predictions for the industry to date, Robert Butterworth, a Los Angeles psychologist who has studied the Democratic presidential candidate's personal habits and likings, says some national trends will be influenced by a Dukakis presidential win in November. For example, "in" will be hand-powered lawnmowers. What? A reel mower in every garage?

Another expert predicts a downturn in consumer interest in single-family dwellings, partly due to the "tedious" task of lawnmowing. Sandy Goodkin, executive director of Peat Marwick/Goodkin Real Estate Consulting Group in San Diego, predicts that less-expensive attached housing will lure working people away from single-family homeownership. Goodkin says time is too valuable for working men and women, "who find little appeal in spending their weekends making home repairs and mowing the lawn." Goodkin obviously is not aware of the health benefits—not to mention the monetary benefits—derived from investments in lawn and garden tasks.

Economist Ray Daniel, of Wharton Econometric Forecasting Associates, perhaps one of the most well-versed consultants on lawn and garden, presented his forecast for the industry in July. His analysis and forecast is based on the three key economic indicators: housing starts, interest rates and discretionary income.

Acknowledging the reverberations of the 1988 drought on 1989 sales, Daniel is predicting that, although manufacturers' shipments of OPE products may see a decline in 1989, retail sales of OPE products should increase. The drought will have a large impact on food inflation, but it will not force the economy into a recession, he says. Therefore, discretionary income should be available for lawn and garden, and retail sales of lawn and garden equipment should rebound after the impact of the drought has passed.

Lucky for this industry, we don't have to wait for Nancy Reagan's astrologer to decide on matters of great importance to us. After all, the stars are of little value to an industry that depends mostly on the sun. Besides, despite all the expert forecasting, the most influential factor facing 1989 lawn and garden sales is rainfall. Perhaps an Indian raindance would be most appropriate.

Susan L. Anderson

Lawn&Garden Marketing

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Feedback

Compiled by Gina Kellogg Hogan, *associate editor*

Most people who rent equipment to their customers believe it is a worthwhile service—even though insurance costs and liability can be a problem, said respondents to a survey in the July issue of *Lawn & Garden Marketing.*

Positive public relations is the reason most respondents say they offer rental equipment; offering the service keeps customers satisfied when their equipment is in the shop. But the negative side is enough to make other respondents dissatisfied with offering the service.

Mike Boulay, vice president of Suburban Sales & Rental Center, Cockeysville, Md., says rentals are an integral part of his store's business. Boulay has rented equipment for more than 10 years at his store and makes more than $5,000 annually from the service. Boulay is typical of most of the respondents to *LGM's* survey. Nearly 41 percent of the respondents who offer rental equipment have been offering the service for 10 years or more; most respondents—just under 33 percent—make $5,000 or more each year from it.

Almost 94 percent of the respondents say they service the equipment, as well as rent it, reflecting the response of one reader who says, "We do not rent OPE because of a lack of repair facilities. If you cannot service, you should not rent." Most—71.4 percent—say they purchase their rental equipment from their distributor.

Like Boulay, other respondents were positive about rental equipment. Douglas Sharpe, general manager at Air-Cooled Engines, Dubuque, Iowa, says, "Rental equipment is an excellent source of add-on dollars and (sales) leads." Others think rentals are worthwhile *if* rental owners keep in mind a few tips. Alan Broussard, vice president, Ray & Flo Inc., Breaux Bridge, La., says, "Rental equipment is a good tool for selling and demonstrating high-end products." But, he adds, "Watch out for liability. For example, on chainsaws."

Another respondent, a power equipment dealer/rental center in Dayton, Ohio, says, "Rental equipment is our main business. (It's a) good business, if you understand how to price and *get enough deposit,*" he emphasizes.

A power equipment dealer in Park River, N.D., says, "Rental equipment is an excellent way to introduce our products to customers. Renting does *not* reduce sales; it improves our sales potential."

Mike Estes, owner of Rick's Garden Center, Colorado Springs, Colo., says, "We started our rental business for numerous reasons...It seems like the perfect addition to our store."

Other respondents recognized the increasing marketplace of rental equipment. "It fills a need and seems to be growing," says one power equipment respondent from Wichita Falls, Texas. Paul Ryan, manager, Ryan Lumber Co., Fabens, Texas, says, "I think rentals are a promising area."

Other respondents in the business of renting have a more negative view of the service. One power equipment dealer in West Hartford, Conn., says, "People destroy the equipment; they don't use the machines with care and are abusive." At Silverado Hardware, Calistoga, Calif., Tim Petersen had enough problems with customers abusing the equipment that his firm eventually discontinued the service. He says, "We rented equipment for six years, and people were always breaking it; then they would say they (rented) it that way. You can't call a customer a liar. People have no respect for your property; it was very discouraging."

At a hardware store in Vineland, N.J., one respondent says, "The riding mowers are more trouble than they are worth....Maintenance takes out the profit on these rentals."

Similarly, Greg Malone, co-owner of Dugan's Garden Center, Olmsted Falls, Ohio, says, "We rent equipment only as a service to our customers. After the initial investment and repairs, we're lucky to break even." Santo DiBenedetto, manager at Salico Handy Rentals, Tom's River, N.J., adds, "Rentals are high profit when the rentals are out. But in the off-season, insurance can eat up profits."

And though some respondents saw rentals as a growing market, Dave Fawcett, general manager at Lyndale Hardware Co., Richfield, Minn., says, "It's a declining business due to the proliferation of rental yards."

One power equipment dealer in San Bernardino, Calif., offers some good advice to businesses that do rent equipment. "Test each product in rental. Keep maintenance records to show cost of repairs, so that you only use the most reliable and durable products; not all lawn and garden products are suitable for rentals."

Of those who offer the service, most—40.8 percent—advertise rentals in newspapers or circulars. Another 34.7 percent advertise rentals in the *Yellow Pages.* A few advertise rentals by direct mail, radio and television.

Of those respondents who presently do not offer rental services, 22.9 say they are considering the service. Many—18.1 percent—are considering it because they think such a sideline would make for good add-on sales. Another 12 percent are thinking about it due to customer demand. **—LGM**

Rental equipment

Of outdoor power equipment products offered for rent, power rakes are the most common; snowthrowers are the least common.

Type of equipment	Percentage
Power rakes	61.2
Walk-behind mowers	59.2
Tillers	49.0
Trimmers	48.9
Power edgers	44.8
Blowers/vacs	40.8
Logsplitters	38.8
Chainsaws	34.7
Chippers/shredders	34.7
Riding mowers	28.6
Snowthrowers	18.3

Source: Based on respondents to a survey in *Lawn & Garden Marketing* July 1988 who rent outdoor power equipment.

Retail Marketplace

K mart participates in Fall is for Planting program

For the first time this year, K mart garden centers are taking advantage of the Fall is For Planting campaign—banners, in-store signage and all. The mass-merchandiser is testing The Garden Council's fall program in about 850 stores in the Midwestern and Eastern areas of the country.

Dean Souden, vice president/general manager of the John Henry Co., Lansing, Mich., says that he promoted the idea to Bob Armstrong, K mart senior horticulture buyer. Since John Henry is a major supplier of plant material signage for K mart, Souden was aware the company was looking for a way to expand that department.

"The garden center is a very real profit center for them," says Souden. "And the (Fall is for Planting) program is consistent with K mart's effort to upgrade service."

Armstrong says the program ties in well with K mart's own fall program, already in place. According to Armstrong, K mart plans advertising promotions so far in advance—"We're already working on April of next year."—that it wasn't able to tie in the theme with its circular advertisements this year. However, Armstrong says K mart is using the theme during radio spots on Master Gardener Jerry Baker's show, which airs Saturdays and Sundays on Mutual Network.

Both Armstrong and Souden believe that K mart's participation will make the program more visible and beneficial for the industry as a whole.

Says Souden, "The Garden Council recognizes that the first issue is to make people aware that fall is a good time to plant....The more times (a consumer) comes into contact with the theme the better."

Superior Court rules in favor of pesticide formulators

A Superior Court judge has ruled that the California Department of Food and Agriculture (CDFA) had wrongly assessed pesticide formulator companies for the costs of testing active ingredients under a regulation implementing a state pesticide law. The court further directed the agency to stop enforcing the regulation.

Under the California Birth Defect Protection Act, CDFA in late 1987 issued assessment orders against formulator companies for a number of active ingredients used in pesticide products.

At a hearing on a suit filed by the Chemical Specialties Mfrs. Assn. (CSMA) and four other companies—Cardinal Chemical Co. Inc., Rancho Cordova, Calif.; Dexol Industries, Torrance, Calif.; Cardinal Laboratories Inc., Azusa, Calif; and Whitmire Research Labs, St. Louis—the judge told the CDFA's attorney that the legislature never intended that small formulator companies would be burdened with huge assessments that could drive them out of business.

The suit, filed May 19, challenged the CDFA refusal to follow the law by either obtaining the needed data from the manufacturers of the active ingredients or to complete the testing itself and assess the manufacturers for the cost of generating the data. The suit charged that the agency's regulation ignored the state's law—and the federal pesticide statute's—exemption of formulator companies from having to test the original active ingredients combined in end-use products.

Northrup King acquires Fredonia Seed

Northrup King Co., Golden Valley, Minn., has purchased the Fredonia Seed Co., a consumer packet seed company based in Fredonia, N.Y. Northrup will continue to offer the Fredonia-brand line, and sales, customer service and marketing will be integrated to provide increased overall support for both brands. Northrup King markets packet flowers and vegetable seeds throughout all 50 states.

Briefs

• **The North American Horticultural Supply Assn.** was formed in June, when nearly 60 delegates representing distributors and manufacturers in the horticulture industry gathered in Kansas City, Mo., for the first meeting. Those interested in joining the organization should contact executive director Wendy Webber, 1900 Arch St., Philadelphia, PA 19103, (215) 564-3484.

• **A.H. Hoffman Inc.,** Landisville, Pa., has been awarded the 1988 Clio Award for Package Design for Household Products. The packages are illustrated with brightly colored photographs of flowers and vegetables, depending on what the package contains.

• Peter H. Lubeck has been promoted to marketing manager at **RL Corp.,** Lowell, Mich. Lubeck will be responsible for product development and marketing.

Shopping for L&G brand names

When *Better Homes and Gardens* readers were asked, "When you shop for lawn and garden items, do you have specific brands in mind, do you rely on the store to offer advice on brands or are names unimportant on lawn and garden items?" most of the respondents said that brand names weren't important to them.

Statement	Percentage
Brands are unimportant for these items.	43.2
I look for specific brands.	36.3
I rely on store advice.	22.4
No answer.	1.7

Source: Based on respondents to *Better Homes and Gardens* Consumer Panel survey of subscribers—a specific segment of *BH&G* readers, but not necessarily typical of consumers as a whole. Multiple answers were chosen by some respondents.

Power Equipment Report

Expo 88 breaks its own records

The International Lawn, Garden & Power Equipment Expo ended another successful show, with a record-breaking registration of 22,349 people. The Expo, which took place July 25-27 in Louisville, Ky., had more than 550 exhibitors, and indoor exhibit space covered 270,000 sq. ft.; the Outdoor Demonstration Area covered 450,000 sq. ft.

For the first time this year, retailers were asked to indicate on registration forms whether they carry consumer or commercial products or both. Of all retailers/dealers registered, 46 percent said they carry consumer lines; 5 percent carry strictly commercial; and 49 percent said they carry both.

About 40 percent of the exhibits featured nonpower products, and nearly 1,000 international visitors from 50 countries attended. Excluding exhibitors, the attendance breakdown was: 40 percent retailers/dealers; 23 percent distributors; 18 percent manufacturers' reps; 11 percent trade visitors; 4 percent merchandisers/buyers; 2 percent press; 2 percent commercial mowing contractors and golf course superintendents.

Expo 89 will take place July 31-Aug. 2, 1989, in Louisville. The Expo 89 Planning Committee met at the end of September to discuss exhibit hours, the seminar program, proposals for new features and a full review of the show.

OPEI offers packet on radio program

A packet containing materials that explain the "Our Back Yard" radio program, being sponsored by the Outdoor Power Equipment Institute, is available to retailers. "Our Back Yard" is a series of minute-long radio reports that cover a wide variety of lawn-related topics of importance to consumers.

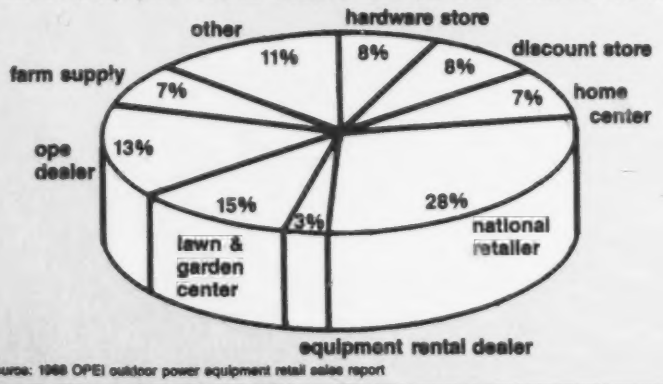
The reports, narrated by Silas Gardner, a fictitious character who acts as spokesman, will contain interviews with authorities on power equipment and lawn and garden care. They will air in the top 100 OPE markets. Stations will broadcast each program during peak listening periods, and the series will begin April 3, 1989, and run through June 30, 1989.

Co-op ad support is being sponsored by manufacturers for retailers who wish to tie-in to the ads in their markets.

The packet, available from OPEI, lists the top 100 markets, the average cost, sample letters that manufacturers can send to retailers, explanation of corporate sponsorship and a list of subjects to be covered in the program. Contact Dennis Pavan, Belden/Frenz/Lehman Inc., 24500 Center Ridge Rd., Westlake, Ohio 44145, (216) 835-4000.

Retail market share
Lawn & garden tractors

National retailers have the greatest market share of lawn & garden tractors; equipment rental dealers have the lowest market share.



Source: 1988 OPEI outdoor power equipment retail sales report

Snowthrower shipments predicted up for '89 season

U.S. manufacturers are anticipating a strong 1989 season for snowthrowers, based on the above-average snowfalls on the East Coast and across the country over the last year, which reduced inventory at the retail level.

The Outdoor Power Equipment Institute reported an increase of 1.1 percent of total snowthrower shipments for the 1988 model year, according to the OPEI *Executive Update* newsletter. Manufacturers reported shipping 532,000 single- and two-stage units, compared to 526,000 the previous year.

Briefs

- Dan Ariens is the new manufacturing manager at the **Ariens Co.**, Brillion, Wis. Tom Adrians is the new controller; Ron Vermeland is the new vice president, operations.

- Dean Meyer has been appointed sales and marketing manager for **Encore Mfg. Co. Inc.**, Beatrice, Neb.

- Dan Cartell has been appointed consumer product supervisor of Compton, Calif.-based **Kubota Tractor Corp.'s** northern division. James L. Clark is the new consumer product supervisor of the company's southeast division. Don Wieser is new vice president of manufacturing and will handle manufacturing activities at Kubota Mfg. America's new facility in Gainesville, Ga. The facility is a new 70,000 sq. ft. manufacturing plant, scheduled to be in production by Jan. 1.

- **Sabre Textron,** Columbia, S.C., has expanded its marketing and distribution in Australia and New Zealand to fulfill demands in those countries for saw chain and other OPE accessories.

- James Myers is new vice president, international marketing and OEM sales for **Simplicity Mfg. Inc.,** Port Washington, Wis. G. Christopher Covert is new vice president, quality assurance.

- Bama Power Products Inc., Clanton, Ala., is a new distributor for **Solo Inc.,** Newport News, Va. Bama will market and sell Solo's OPE line for home and commercial use in Alabama and the Florida panhandle.